

# **Exhibit A**



## **13 Week Cash Flow Forecast**

### **Watson Valve Services Inc.**

As of March 18, 2020

*Working Draft - Subject to Material Change*

Prepared by: MACCO Restructuring Group

## **Disclaimer**

### **Forward-Looking Statements**

Statements in this presentation which are not statements of historical fact are "forward looking statements" within the Safe Harbor provision of the Private Securities Litigation Reform act of 1995. Such statements are not guarantees of future performance. Many factors could cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. We make forward-looking statements based on currently available information, and we assume no obligation to update the statements made today or contained in other filings due to changes in underlying factors, new information, future developments, or otherwise, except as required by law.

### **Third Party Information**

This presentation, including certain forward-looking statements herein, include information obtained from third party sources that we believe to be reliable; however, we have not independently verified this third party information and cannot assure you of its accuracy or completeness. While we are not aware of any misstatements regarding any third party data contained in this presentation, such data involve risks and uncertainties and are subject to change based on various factors. We assume no obligation to revise or update this third party information to reflect future events or circumstances.

### **Going Concern**

The attached 13 Week Cash Flow Forecast has been generated recognizing the uncertainty regarding the Company's ability to continue as a going concern. This uncertainty is based on the Company's loss of its production facilities, lack of an identifiable source of consistent revenue, projected negative cash flows from operations for the 13-week period and potential inability to meet its long term debt obligations.

An evaluation of these conditions may lead to a determination that potential increased revenues from the Company's remaining ongoing projects may allow the Company to meet its ongoing operational obligations in the near term. However, to continue to execute its business plan and meet its debt obligations, additional working capital will be required. As part of this evaluation, the selective participation/completion of certain ongoing projects based on availability of working capital and the timing of production-related cash flows was contemplated. There is uncertainty that plans to fulfill ongoing work, if executed, will allow the Company to meet all of its obligations.

As a result, there is substantial doubt about the Company's ability to continue as a going concern. The 13 Week Cash Flow Forecast does not include any adjustments related to the realization of the carrying value of assets or the amounts and classification of liabilities that may become necessary should the Company be unable to continue as a going concern.

**Methodology**

1. The accompanying 13 week cash flow forecast was constructed using historical, recent and forward looking financial information and incorporates discussions with management and estimates based on historical averages.
2. Cash flow activity is presented on a book basis.
3. Source information provided on a line item basis.

**Operating Cash**

1. China project account is net of pre-petition project expenses incurred of approx. \$1,856,858 (i.e. pre-petition collections amounted to \$2.1MM)

**Collections**

1. Assumed over 90 amounts to be collected week ending 3/13/2020, 60-90 3/20/2020, 30-60 3/27/2020, current 4/3/2020
2. Assumed no allowance for doubtful accounts.
3. Barrick GS May collections are tied to expedited valve refurbishments currently in progress and scheduled for completion 4/9/2020
4. Newmont May collections are tied to expedited valve refurbishments currently in progress and scheduled for completion 4/9/2020
5. Barrick PV May collections are tied to expedited valve refurbishments not yet in progress. Valves to be received week of 3/6/2020

**Insurance**

1. Insurance pending motion to be filed week ending 3/6/2020.

**Outflows**

- 1) Vendor payments utilizes monthly court-approved budget and distributes evenly across March.
- 2) Remaining payments assume maintaining AP current per vendor payment terms.
- 3) Rent, 401K and WC Insurance currently being paid in full by Watson Grinding even though resources are shared.
- 4) Assumes deposits for Russia and China to be credited to final billing.

**Debt**

- 1) Revolver facility cross-collateralized across both Watson Grinding and Watson Valve. Shown for informational purposes only as interest is currently accruing.

Watson Valve Services Inc. Weekly Cash Forecast		Week #:	1	2	3	4	5	6	7	8	9	10	11	12	13	Line Item TOTALS
Week Ending 03/06/2020 thru 05/29/2020		Forecast or Actual:	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	03/06/2020 thru 05/29/2020	
As of March 18, 2020		Week Ending:	3/6/2020	3/13/2020	3/20/2020	3/27/2020	4/3/2020	4/10/2020	4/17/2020	4/24/2020	5/1/2020	5/8/2020	5/15/2020	5/22/2020	5/29/2020	
<b>Net Sales:</b>			-	-	6,390	302,015	-	-	-	367,920	-	-	-	-	676,325	
Total Sales			-	-	6,390	302,015	-	-	-	367,920	-	-	-	-	676,325	
Operating Account			85,000												85,000	
China Project			243,142												243,142	
Russia Project			572,242												572,242	
<b>OPERATING CASH - Beg Book Balance</b>			900,383	1,331,381	1,269,689	1,261,910	1,311,355	1,290,303	1,267,515	1,410,246	1,275,155	918,109	732,603	460,041	301,814	13,730,506
<b>Inflows:</b>																
Barrick Goldstrike Mines, Inc.									37,457						167,920	
Freeport McMoran															-	
Dominican Republic Royalty									63,468						258,015	
Mexico Project															-	
Russia/ Australia															-	
China															-	
Alv, LP															7,687	
Lenzing Fibers															1,200	
Barrick - Pueblo Viejo			238,242		1,200										200,000	
Lihir Gold LTD															-	
Newmont															6,390	
Techpro - New Build															6,390	
ASAP Machine, Inc.															44,000	
<b>Collections:</b>			238,242	1,200	7,687	66,175	37,457	-	194,547	-	44,000	-	-	-	374,310	963,618
<b>Insurance:</b>																
Business Interruption Insurance			225,000												225,000	
<b>Total Inflows</b>			463,242	1,200	7,687	66,175	37,457	-	194,547	-	44,000	-	-	-	374,310	1,188,618
<b>Outflows:</b>																
Vendor Payments - Current Court Budget			9,000	9,000	9,000	9,000	-								36,000	
Vendor Payments - Keep A/P Current, net of court budget			-	-	-	-	263	16,322	6,798	128,625	140,535	179,040	227,545	151,761	979,513	
Credit to customer to final billing															-	
Payroll, Hourly Employees - Paid Weekly			2,688	2,688	2,688	2,688	2,688	2,688	2,688	2,688	2,688	2,688	2,688	2,688	34,944	
Payroll Taxes, Hourly Employees - Paid Weekly			221	221	221	221	221	221	221	221	221	221	221	221	2,873	
Payroll Benefits (Health Insurance, Life Insurance, Workers Comp), Hourly Employee			432	432	432	432	432	432	432	432	432	432	432	432	5,616	
Payroll, Salaried Employees - cash outlay on the 13th and 2 days prior to Last day of Month			41,988			33,114		33,114		33,114		33,114		33,114	207,556	
Payroll Taxes, Salaried Employees - cash outlay on the 13th and 2 days prior to Last day of Month			3,046			3,046		3,046		3,046		3,046		3,046	18,276	
Payroll Benefits (Health Insurance, Life Insurance, Workers)			2,392			2,392		2,392		2,392		2,392		2,392	14,352	
401(k)															-	
Rent paid to Logic Precision															-	
Utilities			1,000					250			250				250	
Insurance (AFCO the 3rd coverage)(paid on 1st)			10,778					10,778			10,778				32,334	
Insurance (United Fire Group General Liability)(paid 26th)							1,265				1,265				3,795	
Insurance (Texas Mutual WC)(paid last day of the month)															-	
Equipment R&M															-	
Office Expense			500					200			200				200	
IT			2,000					1,000			1,000				1,000	
Auto/Truck Fuel & Expense			125	125	125	125	125	125	125	125	125	125	125	125	1,625	
Meals & Entertainment															-	
Travel															-	
Marketing & Advertising															-	
Sales Tax															-	
Shop Tools/ Supplies			3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	39,000	
Property Taxes															-	
Other Operating Expenses			500					1,000			1,000				1,000	
<b>Total Outflows</b>			30,244	62,892	15,466	16,731	58,508	22,788	51,816	135,091	200,046	185,506	272,563	158,227	177,358	1,387,235

Watson Valve Services Inc. Weekly Cash Forecast Week Ending 03/06/2020 thru 05/29/2020 As of March 18, 2020															Line Item TOTALS 03/06/2020 thru 05/29/2020
	Week #: Forecast or Actual: Week Ending:	1 FORECAST 3/6/2020	2 FORECAST 3/13/2020	3 FORECAST 3/20/2020	4 FORECAST 3/27/2020	5 FORECAST 4/3/2020	6 FORECAST 4/10/2020	7 FORECAST 4/17/2020	8 FORECAST 4/24/2020	9 FORECAST 5/1/2020	10 FORECAST 5/8/2020	11 FORECAST 5/15/2020	12 FORECAST 5/22/2020	13 FORECAST 5/29/2020	
Net Cash Flow from Operations		432,998	(61,692)	(7,779)	49,444	(21,052)	(22,788)	142,731	(135,091)	(156,046)	(185,506)	(272,563)	(158,227)	196,953	(198,617)
<b>NON-OPERATING EXPENSES</b>															
Term Loan Interest Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Term Loan Principal Paydown		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank Charges - Fees for DIP Bond		2,000													2,000
Legal - Watson Valve Counsel															160,000
UCC Counsel															-
Noticing Agent															-
Accountants/CPA (Tax, Quarterly Reviews)															-
MACCO															146,000
Investment Bank															-
Other															-
Proceeds from Asset Sales															-
Total Non-Operating Expenses		2,000	-	-	-	-	-	-	-	201,000	-	-	-	105,000	308,000
Net Cash Flow Before Revolver		430,998	(61,692)	(7,779)	49,444	(21,052)	(22,788)	142,731	(135,091)	(357,046)	(185,506)	(272,563)	(158,227)	91,953	(506,617)
(Payment to Revolver)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing from Revolver		-	-	-	-	-	-	-	-	-	-	-	-	-	-
OPERATING CASH - Ending Balance		1,331,381	1,269,689	1,261,910	1,311,355	1,290,303	1,267,515	1,410,246	1,275,155	918,109	732,603	460,041	301,814	393,767	393,767
<b>Working Capital Schedules</b>															
<b>AR Roll Forward</b>															
Beginning Balance		287,292	49,050	47,850	46,554	282,393	244,937	244,937	50,390	418,310	374,310	374,310	374,310	374,310	287,292
Collections		(238,242)	(1,200)	(7,687)	(66,175)	(37,457)	-	(194,547)	-	(44,000)	-	-	-	(374,310)	(963,618)
Additions		-	-	6,390	302,015	-	-	-	367,920	-	-	-	-	-	676,325
Ending Balance		49,050	47,850	46,554	282,393	244,937	244,937	50,390	418,310	374,310	374,310	374,310	374,310	0	-
<b>AP Roll Forward</b>															
Beginning Balance		-	5,757	8,765	128,590	250,635	434,322	673,261	795,088	795,088	783,178	732,763	633,843	610,707	-
Payments to Vendors		(9,000)	(9,000)	(9,000)	(9,000)	(263)	(16,322)	(6,798)	(128,625)	(140,535)	(179,040)	(227,545)	(151,761)	(128,625)	(1,015,513)
Purchases - Vendors		14,757	12,008	128,825	131,045	183,950	255,261	128,625	128,625	128,625	128,625	128,625	128,625	128,625	1,626,221
Adjustments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance		5,757	8,765	128,590	250,635	434,322	673,261	795,088	795,088	783,178	732,763	633,843	610,707	610,707	610,707
<b>Inventory Roll Forward</b>															
Beginning Balance		-	14,757	26,765	155,590	286,635	470,585	725,846	854,471	983,096	1,111,721	1,240,346	1,368,971	1,497,596	-
Purchases		14,757	12,008	128,825	131,045	183,950	255,261	128,625	128,625	128,625	128,625	128,625	128,625	128,625	1,626,221
Inventory Usage		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance		14,757	26,765	155,590	286,635	470,585	725,846	854,471	983,096	1,111,721	1,240,346	1,368,971	1,497,596	1,626,221	1,626,221
<b>Debt Schedules</b>															
Revolver	Rate	4.75%													
Beginning Balance		3,000,000	3,000,000	3,002,671	3,005,343	3,008,018	3,010,695	3,013,375	3,016,057	3,018,741	3,021,427	3,024,117	3,026,808	3,029,502	3,000,000
Plus Draws		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plus Interest Accrual		2,671	2,672	2,675	2,677	2,679	2,682	2,684	2,687	2,689	2,691	2,694	2,696	32,198	
Less Paydowns		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance		3,000,000	3,002,671	3,005,343	3,008,018	3,010,695	3,013,375	3,016,057	3,018,741	3,021,427	3,024,117	3,026,808	3,029,502	3,032,198	3,032,198





## Cash Flow Actual to Forecast Results

Watson Valve Services Inc.

Consolidated for Week Ending 03/06/2020 thru 05/29/2020  
As of March 18, 2020

	Past Week				Cumulative 2 Weeks			
	Actual Week Ending 3/13/2020	Forecast Week Ending 3/13/2020	Variance (\$ Week Ending 3/13/2020)	Variance (%) Week Ending 3/13/2020	Actual Week Ending 3/13/2020	Forecast Week Ending 3/13/2020	Variance (\$ Week Ending 3/13/2020)	Variance (%) Week Ending 3/13/2020
<b>Total Sales</b>	0	0	0	0.0%	0	0	0	0.0%
<b>OPERATING CASH - Beg Book Balance</b>	1,137,264	1,331,381	(194,118)	(14.6%)	1,137,264	1,331,381	(194,118)	(14.6%)
<b>Inflows:</b>								
Collections	248,530	1,200	247,330	20610.8%	486,772	239,442	247,330	103.3%
<b>Outflows:</b>								
Vendor Payments	5,503	9,000	(3,497)	(38.9%)	10,153	18,000	(7,847)	(43.6%)
Refunds/ Application of customer deposits to final billing					0	0	0	0.0%
Payroll, Hourly Employees	2,688	2,688	0	0.0%	5,376	5,376	0	0.0%
Payroll Taxes, Hourly Employees	236	221	15	6.6%	442	442	(0)	(0.0%)
Payroll Benefits, Hourly Employees	432	432	0	0.0%	864	864	(0)	(0.0%)
Payroll, Salaried Employees	39,184	41,988	(2,804)	(6.7%)	39,184	41,988	(2,804)	(6.7%)
Payroll Taxes, Salaried Employees	2,843	3,046	(203)	(6.7%)	2,843	3,046	(203)	(6.7%)
Payroll Benefits, Salaried Employees	2,232	2,392	(160)	(6.7%)	2,232	2,392	(160)	(6.7%)
401(k)	0	0	0	0.0%	0	0	0	0.0%
Rent paid to Logic Precision	0	0	0	0.0%	0	0	0	0.0%
Utilities	0	0	0	0.0%	0	1,000	(1,000)	(100.0%)
Insurance (AFCO the 3rd coverage)(paid on 1st)	0	0	0	0.0%	0	10,778	(10,778)	(100.0%)
Insurance (United Fire Group General Liability)(paid 26th)	0	0	0	0.0%	0	0	0	0.0%
Insurance (Texas Mutual WC)(paid last day of the month)	0	0	0	0.0%	0	0	0	0.0%
Equipment R&M	0	0	0	0.0%	0	0	0	0.0%
Office Expense	0	0	0	0.0%	0	500	(500)	(100.0%)
IT	0	0	0	0.0%	0	2,000	(2,000)	(100.0%)
Auto/Truck Fuel & Expense	0	125	(125)	(100.0%)	0	250	(250)	(100.0%)
Meals & Entertainment	0	0	0	0.0%	0	0	0	0.0%
Travel	0	0	0	0.0%	0	0	0	0.0%
Marketing & Advertising	0	0	0	0.0%	0	0	0	0.0%
Sales Tax	0	0	0	0.0%	0	0	0	0.0%
Capital Expenditures (Shop Tools)	0	3,000	(3,000)	(100.0%)	190	6,000	(5,810)	(96.8%)
Property Taxes	0	0	0	0.0%	0	0	0	0.0%
Other Operating Expenses	60	0	60	0.0%	89	500	(411)	(82.2%)
<b>Total Operating Outflows</b>	53,178	62,892	(9,714)	(15.4%)	61,373	93,136	(31,763)	(34.1%)
<b>Net Cash Flow from Operations</b>	<b>195,352</b>	<b>(61,692)</b>	<b>257,044</b>	<b>416.7%</b>	<b>425,399</b>	<b>146,306</b>	<b>279,093</b>	<b>190.8%</b>
<b>Non-Operating Expenses</b>								
Term Loan Interest Payments	0	0	0	0.0%	0	0	0	0.0%
Term Loan Principal Paydown	0	0	0	0.0%	0	0	0	0.0%
Bank Charges - Fees	0	0	0	0.0%	24	2,000	(1,976)	(98.8%)
Legal - Watson Valve Counsel	0	0	0	0.0%	0	0	0	0.0%
UCC Counsel	0	0	0	0.0%	0	0	0	0.0%
Noticing Agent	0	0	0	0.0%	0	0	0	0.0%
Accountants/CPA (Tax, Quarterly Reviews)	0	0	0	0.0%	0	0	0	0.0%
MACCO Restructuring Group (Financial Advisor)	0	0	0	0.0%	0	0	0	0.0%
Other	0	0	0	0.0%	0	0	0	0.0%
Proceeds from Asset Sales	0	0	0	0.0%	0	0	0	0.0%
<b>Total Non-Operating Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>24</b>	<b>2,000</b>	<b>(1,976)</b>	<b>(98.8%)</b>
<b>Net Cash Flow Before Revolver</b>	<b>195,352</b>	<b>(61,692)</b>	<b>257,044</b>	<b>416.7%</b>	<b>425,375</b>	<b>144,306</b>	<b>281,069</b>	<b>194.8%</b>
<b>(Payment to Revolver)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>Borrowing from Revolver</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>OPERATING CASH - Ending Book Balance</b>	<b>1,332,615</b>	<b>1,269,689</b>	<b>62,926</b>	<b>5.0%</b>	<b>1,562,639</b>	<b>1,475,687</b>	<b>86,951</b>	<b>5.9%</b>
<b>Total Availability (Operating Cash and Unused Availability)</b>	<b>1,332,615</b>	<b>1,269,689</b>	<b>62,926</b>	<b>5.0%</b>	<b>1,562,639</b>	<b>1,475,687</b>	<b>86,951</b>	<b>5.9%</b>
Accounts Receivable	25,520	47,850	(22,330)	(46.7%)	25,520	47,850	(22,330)	(46.7%)
Accounts Payable	16,612	8,765	7,847	89.5%	16,612	8,765	7,847	89.5%
Inventory	26,765	26,765	0	0.0%	26,765	26,765	0	0.0%